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Talking Points for the DDI	
Recent Developments in the Iran-Iraq War	
14 July 1986	
Economic, political, and military factors in the region suggest that Tehran is considering launching a decisive offensive to defeat Iraq this year. Despite shortages of military equipment, the Iranians may judge that the military situation favors a change from a long-term attrition strategy to a massive assault or series of medium-sized attacks that will cause Iraq's defense to crumble. Iran's victories at Al Faw in February and at Mehran earlier this month demonstrates Baghdad's continued military ineptness despite	9
its superiority in arms and use of chemical weapons.	
Iranian leaders have recently stated that Iran will try to end the war this year and they have begun a massive call-up to provide the manpower for a large offensive. The Iranians also probably recognize that their economic problems will increase and therefore they must gain a military victory soon.	2.
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The decline in Iraqi morale and Baghdad's economic problems have probably convinced Tehran that Iraq is weakening and will be especially vulnerable this year.	
Falling oil prices and Baghdad's foreign debt problems have weakened the Iraqi economy and probably will further undermine civilian support for the regime and the war.	
civilian support for the regime and the war. US Embassy reporting indicate that recent defeats and high casualties have reduced Iraqi civilian morale to the lowest level ever. Officers and enlisted men are also increasingly unhappy with the regime's conduct of the war.	25X1 7
President Saddam Husayn's hold on power will weaken slowly unless Iraq achieves some military success in the coming months. His control of the military and security makes a coup unlikely, but the chances of assassination are increasing.	نع
Fearing even more casualties and possible defeat, Saddam is unlikely to launch an attack into Iran that would disrupt preparations for an offensive. Instead, the Iraqis will concentrate on improving their defenses along the border.	2
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- -- Saddam also shows no willingness to launch sustained air attacks that would cripple the Iranian economy and perhaps cause Tehran to negotiate.
- -- Iraq has begun to draft at least 200,000 men to prepare for the Iranian attack, but such forces will be no better than cannon fodder that is thrown into the battle in a last ditch effort to stave off total defeat.

The Gulf Arab states are alarmed at recent Iranian successes and prospects for a large offensive later this year. Although steadfast in their support for Baghdad, they may try to improve relations with Tehran to hedge their bets against continued Iranian success.

- -- Despite such overtures, Tehran is likely to use the threat of more sabotage on oil facilities--like the attack on a Kuwaiti oil field last month--to force the Gulf Arabs to reduce their aid to Iraq.
- -- Any further reductions in Kuwaiti and Saudi monetary support would be a major blow to Baghdad's ability to import goods that help maintain civilian morale.